

2005 DRAFTING REQUEST

Bill

Received: **12/16/2004**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Percy**

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Percy, BB0323 -

Topic:

Super employment and economic development zone grant program

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							State
/P1	csundber 01/20/2005	wjackson 01/20/2005	jfrantze 01/21/2005		mbarman 01/21/2005		
	csundber 01/21/2005		jfrantze 01/21/2005				

FE Sent For:

<END>

01/21/2005 10:02:01 AM

Page 1

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/P1 csundber wjackson jfrantze _____
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Topic:

Grants for businesses locating in extremely depressed areas

Instructions:

See Attached

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/?	csundber	/p1 Wj 1/20	Jb 1/21	Jb/Ch 1/21			

FE Sent For:

<END>

2005-07 Budget Bill Statutory Language Drafting Request

- Topic: New Development Zone
- Tracking Code: BB0323
- SBO team: Environmental and Commercial Resources
- SBO analyst: Doug Percy
 - Phone: 266-1039
 - Email: doug.percy@doa.state.wi.us
- Agency acronym: Commerce
- Agency number: 143

CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN
Department of Administration**

Date: December 16, 2004

To: Steve Miller, Chief
Legislative Reference Bureau (LRB)

From: Doug Percy, Executive Budget and Policy Analyst
State Budget Office

Subject: Commerce Statutory Language Request

Please create a new development zone based on the attached language.

<u>Issue</u>	<u>Status</u>	<u>Analyst</u>	<u>Priority</u>
New Development Zone	Needs drafting	Doug	High

9/18/05

Super Employment and Economic Development Zone (SEEDZ)

Concept

- Spur job development for extremely depressed urban areas (e.g., inner city Milwaukee).
- Require Commerce to develop administrative rules to define "extremely depressed urban areas" with the minimum criteria set in statute. Minimum criteria would include:
 - ✓ ~~Set by census tracts~~ – size of the zone set by Commerce *set criteria designate zone*
 - ✓ Minimum total poverty rate of 150% of the U.S. poverty rate as determined by the most recent decennial census. *Beloit, Racine, small town rural areas*
 - ✓ Unemployment rate of 150% or more of the statewide average.

Business Incentives

- Authorize Commerce to provide businesses that locate in the zone state grant payments for up to five years to reimburse for eligible costs, which would be defined in rule, but could include property taxes, utilities, training and a portion of employee wages for those individuals currently living in the zone. Employers who provide childcare at their business could also have a portion of those costs reimbursed by the grant. *uniformity d.?*
- A separate GPR biennial appropriation would be created in Commerce to fund these grants. Funding of \$5,000,000 would begin in the second year of the biennium.
- Businesses would continue to be eligible for other Commerce programs.

Job Requirements

- Businesses participating in the program are required to compensate at least 90 percent of its employees whose jobs were created as a result of the project with "family-supporting wages" as defined by Commerce through administrative rule. *emphasis on wages*
- A minimum of 100 new jobs must be created, and the employer must make every reasonable effort to fill at least 75% of the new jobs with individuals living in the zone. Require Commerce to develop rules to determine which jobs would count. *prospective - new jobs - before jobs are created*
- Retail jobs are not eligible. *no*

Other

- Businesses would need to apply with Commerce to be eligible for the program. Businesses locating in the zone would not automatically be eligible. *(compare EDZ)*



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1272/P1

CTS:.....

WLJ
+CS

DOA:.....Percy, BB0323 - Super employment and economic development
zone

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

tu 1/20/05

FRIDAY

DO NOT GEN

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

This bill requires the Department of Commerce (department) to designate certain areas of the state as extremely depressed areas and authorizes the department to award a grant to a business that locates in an area designated as an extremely depressed area, if the business will create at least 100 qualifying jobs in the area. A business may use grant proceeds to pay eligible costs. Under the bill, the department may award a grant only if the business agrees to pay at least 90 percent of the new employees a family-supporting wage and to make every reasonable effort to fill at least 75 percent of the new jobs with individuals who reside in the extremely depressed area. The department may make grant payments to a grantee for no more than five years.

The bill requires the department to promulgate rules defining "extremely depressed area," which must be an area with an unemployment rate equal to or exceeding 150 percent of the statewide average unemployment rate. The bill requires the department also to define by rule "eligible costs," "family-supporting wage," and "qualifying jobs."

an eligible
business

up to

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.143 (1) (cm) of the statutes is created to read:

20.143 (1) (cm) *Super employment and economic development zone.*

Biennially, the amounts in the schedule for employment and economic development zone grants under s. ~~560.24~~ ^{560.799}.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. ~~560.24~~ ^{560.799} of the statutes is created to read:

~~560.24~~ ^{560.799} *Super employment and economic development zone.* (1)

Beginning on July 1, 2006, from the appropriation under s. 20.143 (1) (cm), the department may award grants, over not more than five years, to an eligible business that locates in an extremely depressed area designated under sub. (3) (a), for reimbursing the business's eligible costs, if all of the following apply:

(a) The department determines that the business will create not fewer than 100 qualifying jobs in the extremely depressed area.

(b) The business enters into a written agreement with the department that specifies the conditions for use of the grant proceeds and in which the business agrees to do all of the following:

1. Compensate not less than 90 percent of the employees in the qualifying jobs created under par. (a) at a family-supporting wage.

2. Make every reasonable effort to hire individuals who reside in the extremely depressed area to fill at least 75 percent of the qualifying jobs created under par. (a).

3. Submit the report required under sub. (2) by the time the report is required under sub. (2). ^{A business}

(2) An employer that is awarded a grant under this section shall, by March 31 of the year following a year in which the department disburses grant moneys to the employer submit to the department a report detailing how the grant moneys received in that year were used. ^{business}

(3) The department shall do all of the following:

(a) Designate areas in this state as extremely depressed areas. The department may not designate an area under this paragraph unless the department determines that the unemployment rate for the area equals or exceeds 150 percent of the average unemployment rate for this state.

(b) Promulgate rules defining all of the following terms:

1. Eligible costs, which may include property taxes, utilities, job training, employee transportation, a portion of wages paid by the business to employees who reside in the extremely depressed area, and a portion of the costs incurred by the business to provide child care at the business for employees.

2. Extremely depressed area.

3. Family-supporting wage.

4. Qualifying job.

(END)

(4) The department may pay grant proceeds to an eligible business that is awarded a grant under this section for up to 5 years.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1272/P1
CTS:wlj&cs:jf

DOA:.....Percy, BB0323 - Super employment and economic development
zone grant program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

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COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

This bill requires the Department of Commerce (department) to designate certain areas of the state as extremely depressed areas and authorizes the department to award a grant to a business that locates in an area designated as an extremely depressed area, if the business will create at least 100 qualifying jobs in the area. A business may use grant proceeds to pay eligible costs. Under the bill, the department may award a grant only if the business agrees to pay at least 90 percent of the new employees a family-supporting wage and to make every reasonable effort to fill at least 75 percent of the new jobs with individuals who reside in the extremely depressed area. The department may make grant payments to an eligible business for up to five years.

The bill requires the department to promulgate rules defining "extremely depressed area," which must be an area with an unemployment rate equal to or exceeding 150 percent of the statewide average unemployment rate. The bill requires the department also to define by rule "eligible costs," "family-supporting wage," and "qualifying jobs."

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.143 (1) (cm) of the statutes is created to read:

2 20.143 (1) (cm) *Super employment and economic development zone grants.*

3 Biennially, the amounts in the schedule for employment and economic development
4 zone grants under s. 560.799.

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5 **SECTION 2.** 560.799 of the statutes is created to read:

6 **560.799 Super employment and economic development zone grant**
7 **program.** (1) Beginning on July 1, 2006, from the appropriation under s. 20.143
8 (1) (cm), the department may award a grant to an eligible business that locates in an
9 extremely depressed area designated under sub. (3) (a), for reimbursing the
10 business's eligible costs, if all of the following apply:

11 (a) The department determines that the business will create not fewer than 100
12 qualifying jobs in the extremely depressed area.

13 (b) The business enters into a written agreement with the department that
14 specifies the conditions for use of the grant proceeds and in which the business agrees
15 to do all of the following:

16 1. Compensate at a family-supporting wage not less than 90 percent of the
17 employees in the qualifying jobs created under par. (a).

18 2. Make every reasonable effort to hire individuals who reside in the extremely
19 depressed area to fill at least 75 percent of the qualifying jobs created under par. (a).

3. Submit the report required under sub. (2) by the time the report is required under sub. (2).

(2) A business that is awarded a grant under this section shall, by March 31 of the year following a year in which the department disburses grant moneys to the business, submit to the department a report detailing how the grant moneys received in that year were used.

(3) The department shall do all of the following:

(a) Designate areas in this state as extremely depressed areas. The department may not designate an area under this paragraph unless the department determines that the unemployment rate for the area equals or exceeds 150 percent of the average unemployment rate for this state.

(b) Promulgate rules defining all of the following terms:

1. "Eligible costs," which may include property taxes, utilities, job training, employee transportation, a portion of wages paid by the business to employees who reside in the extremely depressed area, and a portion of the costs incurred by the business to provide child care at the business for employees.

2. "Extremely depressed area."

3. “Family-supporting wage.”

4. “Qualifying jobs.”

(4) The department may pay grant proceeds to an eligible business that is awarded a grant under this section for up to 5 years.

(END)